

**Notes of 27<sup>th</sup> Meeting of the Supervisory Panel**  
**REAL Consumer Code**  
**20<sup>th</sup> March 2013**

**Present:**

David Laird (Chair)

Bryn Aldridge – former Director of Trading Standards and Veterinary Services for The City of London

Tom Chapman – Gemserv (MCS Licensee)

James Court – Consumer Focus

David Frise – Building and Engineering Services Association

Gretel Jones – Independent social issues expert

Helen White – Energy Saving Trust

Steve Storey – SSE

Jim Thornycroft – Independent solar PV expert

Walter Carlton – Deloitte LLP

Mike Landy – REA

**In attendance:**

Virginia Graham – REAL

Andrea Kourra – REAL (minutes)

Sarah Rubinson – REAL (part)

Rebecca Robbins – REAL (part)

Mark Cutler – REAL (part)

**Apologies:**

Paul Rochester – DECC (observer)

Anna Moule – Ofgem (observer)

Philip Wolfe – Independent solar PV expert

Dave Sowden – Micropower Council

Chris Beedel - Elecsa, MCS CB representative

**1. Welcome, introductions and apologies**

The Chair welcomed everyone to the 27<sup>th</sup> meeting of the REAL Supervisory Panel, including its new member: Walter Carlton from Deloitte. Introductions were made and apologies for absence were noted.

**2. Draft Note of 26<sup>th</sup> Supervisory Panel Meeting**

The Notes of the 26<sup>th</sup> Supervisory Panel Meeting were agreed as an accurate record of the previous meeting.

### 3. Matters arising

It was confirmed that membership renewals and the annual report would be covered later in the agenda.

#### *Heat pump standard*

It was confirmed that, at the next meeting, performance estimate guidance on heat pumps would be presented to the next meeting of the Panel, together with the analysis of spot check data.

#### *Other Panels:*

The Chair reported that he had met the Chair of the Non-Compliance Panel and that they had agreed to put in place 'feedback processes'. The Chair confirmed that this would take place on an *ad hoc* basis. A Chair of the Applications Panel would shortly be appointed and the Chair would set up an equivalent meeting. Suggestions of possible candidates to sit on either the Non-Compliance or the Applications Panel would be welcome so long as they were independent of REAL and the sector. It was confirmed that the Non-Compliance and Applications Panels would be continue to meet on a monthly basis.

#### *Complaints:*

A paper was circulated providing a breakdown of the types of issues in the complaints that REAL has resolved. The most common issue complained about was 'deposits/advance payments' and 'missing documents' (e.g. workmanship warranties, contracts, MCS certificates, insurance policies).

The Complaints Procedure was outlined to Panel Members. REAL's role is to seek to facilitate a resolution to the complaint that is acceptable to both parties. The Complaints Team builds on the experience and precedence from resolving previous complaints.

Panel members requested a further update at the next Panel meeting and thereafter on a quarterly basis. Panel members also asked if they could see data of the number of complaints MCS Certification Bodies received as a proportion of installations. The differences between the CBs' and REAL' complaints procedures were outlined, together with proposals for aligning them more closely.

Papers on conciliation and arbitration outcomes in 2012 were circulated. It was reported that 20 cases in all went to conciliation in 2012. In all of these cases the recommendation went in favour of the consumer, at least in part. Where either party is not content with the outcome of the conciliation then they have the right to apply to use the independent arbitration service, an alternative to using the court system. In all, four cases went to arbitration in 2012. All claims succeeded in part and in each case the member was shown to have failed in some respect in its duty of care to the consumer.

It was confirmed that the level of complaints received in 2011 compared with 2012 remained fairly constant:

- in 2012 0.5% of all domestic solar PV installations were the subject of a complaint registered with REAL (1,051 out of a total of 201,178 (687MW));

- in 2011 0.4% of all domestic solar PV installations were the subject of a complaint registered with REAL (439 out of a total of 124,385 (381MW)).

### *Insurance*

It was confirmed that members' arrangements for insuring consumers' funds paid in advance and workmanship warranties are audited and checked during the application process. It was reported that MCS was currently considering options for setting up a scheme that would cover n working on putting in place a system to protect consumers if they discover a fault with their system.

#### **4. Draft Annual Report for OFT**

It was reported that REAL was required to submit the first annual report to the Office of Fair Trading at the end of March 2013. A draft of the annual report had been made available to the Panel. The report is in respect of 2012, being the first full calendar year since the Code received full approval from the OFT in November 2011.

A discussion on the draft ensued. Panel Members were invited to send in any comments if any should later occur to them. It was confirmed that a final version which would be expanded to include more context and possibly some case studies would be circulated to Panel Members and that it would be made available on the website in April.

Panel Members made a number of suggestions as to how the report could be improved:

- it could be used to explain the work of the Code to consumers more clearly;
- an initial summary could be added;
- more information about the regulatory situation in 2012 would be helpful;
- the report could be press released at the time of publication;
- the report could be re-ordered to make it more logical;
- the use of case studies could be considered;
- further information about audit and non-compliance could be added;
- the report would benefit from a conclusion.

#### **5. Update on Transfer of CCAS from OFT to TSI**

The timetable and arrangements for the changeover of the Consumer Codes Approval Scheme from the OFT to Trading Standards Institute were confirmed.

It was reported that REA, as Code Sponsor, would shortly sign a contract with TSI. As from 1 April the REAL Consumer Code would have approved status under the new TSI CCAS. The CCAS would be self-financing going forward, and REAL would be expected to contribute 2.5% of its membership income to its running. The CCAS would be officially launched at the TSI Conference in Brighton in June. REAL would have a stand at the launch event and Panel Members were invited to visit.

The CCAS core criteria published by TSI contained a few minor changes. REAL had been given a year to incorporate them into its Code and Bye-Laws. Members had also been given a year to switch to using the TSI logo instead of the OFT one.

Panel Members requested that they receive email confirmation that the transition had gone ahead at the same time that REAL emailed its members to inform them of the changes and to provide them with the new TSI brand guidelines.

## **6. REAL Budget**

The 2013 Budget was outlined to Panel Members for information purposes. It was explained that REAL depended on the first three months of the calendar year for its income for the remainder of the year from its membership renewals.

It was explained that the 2013 Budget had been constructed on the basis that 50% of membership would fail to renew. In the event the reality had been better with some 25% failing to renew. REAL would have a clearer idea of final numbers after 8<sup>th</sup> April 2013: the date on which any members who had not renewed would be removed from the database.

It was noted that REAL's membership fee category was determined by the number of employees working in renewables, including freelance subcontractors. Four fifths of members are in the lowest membership fee category, stating that they had 1 – 6 employees. It was suggested that there should be a penalty for members found to be in the incorrect membership category.

It was explained that the monitoring process, and especially the compliance audits, represented the largest single item of annual expenditure. The auditors are work externally and are not employed directly by REAL. It was also explained that four complaints case handlers and one independent conciliator also work externally. These arrangements allow REAL to have flexibility with its overheads and to manage its limited resources more effectively.

Panel Members suggested that expenditure on promotion of the Code be factored into REAL's budget going forward.

## **7. Update on Financial Incentives for domestic consumers**

### *Feed-In Tariffs*

A paper on the generation tariffs for new solar PV installations under the Feed-in-Tariff scheme was circulated by the REA. The chart demonstrated changes in the generation tariff over time. It was explained that DECC had anticipated higher deployment than had in fact occurred in the later part of 2012.

It was reported that the RPI uplift would be applied to tariffs from 1 April 2013 for solar PV installations with eligibility dates between 1 April and 31 October 2012. Installations with eligibility dates between 1 November 2012 and 31 March 2013 would receive their first uplift in April 2014. A

degression mechanism for non-solar PV technologies has not yet began. It is likely to become effective from 1st April 2014.

#### *Renewable Heat Incentive*

It was reported that the Government's consultation on the domestic RHI closed in December 2012. The decisions were likely to be announced in the summer 2013 including a revised timeline and a revised target. It was not clear whether the Renewable Heat Premium Payments would be extended.

It would not be clear which technologies would be included in the domestic RHI and what the tariff levels would be. It was possible that the payments would be made over 7 years though they would be compressed from the full life-time of 20 years.

It was reported that REAL had worked with DECC on the consumer protection issues. The Panel asked for an update on this at the next Panel meeting.

#### *European Commission*

It was reported that the European Commission was considering imposing anti-dumping duties on solar PV panels imported from China. The European Commission's requirement that all solar PV panels brought into the UK from China be registered had had the almost immediate effect of driving up prices.

It was also reported that the European Commission was considering taking the UK to the European Court of Justice over the reduced 5% VAT rate it applied to the supply and installation of energy saving measures.

### **8. Update on Membership Renewals**

It was reported that REAL had invoiced around 5,600 members by email at the end of November 2012. To date some 600 had cancelled their membership, including companies no longer trading. - Two-thirds of the membership had renewed. REAL had sent reminders to the remaining 1,600 members. It was anticipated that around one third of these would renew, and the remainder would be removed from the membership database.

It was reported that REAL was still averaging 2-3 applications a day from businesses involved in installing heating technologies as well as solar PV. It was reported that the application form was being updated and the new version would be available shortly.

### **9. A.O.B.**

Panel Members suggested that REAL produce a 'Highlight Report' which would include information (e.g. top-level figures) on all REAL's areas of activities including membership, audits and complaints.

This would be made available to the Panel in advance of each meeting of the Supervisory Panel, and it would provide them with a snapshot of developments occurring over the past three months.

It was explained that there is also an 'issues log' which keeps a tally of any issues raised that could indicate that an amendment to the Code or Bye-Laws would be required.

#### **10. Date of Future 2013 Panel Meetings**

It was agreed that the next Panel meeting would be changed from Wednesday 19 June 2013, and it was finally agreed that it would take place on Wednesday, 26 June 2013. The following meetings were scheduled for: 18<sup>th</sup> September and 11<sup>th</sup> December 2013.